

SESSION OF 2002

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2709

As Amended by Senate Committee of the Whole

Brief*

HB 2709 amends Article 9 of the Uniform Commercial Code to delete the provisions that make Article 9 requirements for filing financing statements applicable to local governments and the state when revenue bonds are issued.

The bill returns the law regarding municipal bonds to the way it was prior to the recodification of Article 9 made by the 2000 Legislature.

The House Committee amendments were clarifying in nature.

The House Committee of the Whole amended the bill to create a first priority lien for receipt holders of grain contained in a public warehouse, including grain owned by a public warehouseman.

The Senate Committee deleted the House Committee of the Whole amendment regarding receipt holders of grain and priority liens.

The Senate Committee of the Whole added back in the grain priority lien provisions deleted in Senate Committee and added provisions of HB 2487, the contents of which are technical amendments dealing with Article 9 of the Uniform Commercial Code.

Background

The bill was supported by the League of Kansas Municipalities, the Kansas Association of Counties, the Kansas Development Finance Authority, and a municipal bond attorney. Proponents said the problem

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.accesskansas.org/legislature/>

was not unique to Kansas and amendments have been adopted or are being proposed in at least 20 states. The 2000 recodification of Article 9 was suggested by the National Conference of Commissioners on Uniform State Laws. Those involved in municipal finance did not realize the impact of the amendments on the bond industry until after the changes had become effective in some of the states. Filing security statements under Article 9 for all revenue bond holders would be impractical, costly, and for no apparent public purpose.

Representatives of the Kansas Bankers Association, the Kansas Grain and Feed Association, and the Community Bankers Association of Kansas questioned the need for the House Committee of the Whole amendment regarding grain receipt holders liens.

The conferee from the Secretary of State's Office addressed the need for the bill, as drafted. A delegate representing the Kansas Bankers Association also expressed support for the original bill.

The fiscal note on the original bill indicates no fiscal effect.